

24 Feb. "The CEO Wants to Pay Certain Vendors in Bitcoin. The CFO Responds, "Our Company Needs to 'Be Left Behind' and Avoid Bitcoin." You are the Chair of the Audit Committee and the CEO Asks for Your Opinion on this Matter." Yuri Cataldo and Larry Stybel. Yuri is co-author of "Be Left Behind," an overview of cryptocurrency for business leaders, investors, and other non-experts.

-L. Stybel & Y. Cataldo

Professional Employer Organization (PEO) is a sector within the human resource field. PEO corporate clients can focus on hiring the best talent available regardless of where the talent happens to live. The PEO is the employer of record and is responsible for compliance with local employment laws, managing payroll and benefits consistent with local laws, and onboarding new employees. On a day-to-day basis, the talent is no different than any employee of the client company.

Universal PEO is the largest and best known PEO in the sector. It trades on the New York Stock Exchange as UPEO and has operations in 200 countries. Some of the technical talent client companies wish to hire live in countries where local currency is unstable. Putting cash in local banks may not be secure. Some of the young talent UPEO's customers wish to hire refuse to be paid in local currency, U.S. dollars, or Euros. They wish to be paid in Bitcoin.

UPEO CEO Corrine Kahn thinks that cyber currency is the wave of the future and the company might as well comply with talent requests. If they fail to comply, the talent will simply move to other PEOs who will provide the cybercurrency desired.

Corrine says Bitcoin is legal tender in El Salvador. Other countries are sure to follow. She says the following public companies all hold Bitcoin: Tesla, Square and Microstrategy.

The CFO and the General Counsel, on the other hand, are reluctant to move in this direction. As a NYSE public company, would this have an impact on investors? How do you position this on the balance sheet? There will be investors that express concern about Bitcoin's environmental and energy use

The following countries have banned Bitcoin: Russia, Algeria, Bangladesh, China, Egypt, Iraq, Morocco, Nepal, Qatar, and Tunisia. Is bitcoin the wave of the future or a fad that will go away?

UPEO's clients are highly visible, larger public companies. How comfortable will they be in knowing that talent working at their company is being paid in Bitcoin? On a day-to-day basis, talent legally employed by UPEO consider themselves employed by the client company and are viewed by other employees as colleagues. Once UPEO talent disclose to their colleagues that they are being paid in Bitcoin, might there be backlash against UPEO if employees at client companies use this precedent to insist that they also be paid in Bitcoin?

Corrine acknowledges these concerns but stresses that failure to comply will also have serious consequences. “We can’t stop the future. We will manage it. That’s what we are paid to do.”

What Do You Think?

You are an external Board member of UPEO and serve on its Audit Committee as Chair. This morning Corrine has placed a Zoom call to you to explain the issue. She asks for your opinion.

You respond that you would like 24 hours to think about it.

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This is a disguised case. None of the names reflect actual persons or corporate entities.